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FM AMEMBASSY BUENOS AIRES
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INFO RHMFISS/CDR USSOCOM MACDILL AFB FL//SCJ2//
RULGPIA/USCOMSOLANT

UNCLAS BUENOS AIRES 001283

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WHA/EPSC
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E.O. 12958: N/A
TAGS: [KPAO](#) [OPRC](#) [KMDR](#) [PREL](#) [MEDIA](#) [REACTION](#)
SUBJECT: MEDIA REACTION PERUVIAN PRESIDENT-ELECT ALAN
GARCIA; US PROPOSAL TO IRAN; WORLD BANK AND ARGENTINA;
BRAZIL'S GEOPOLITICAL CONCERNS 06/07/06

1. SUMMARY STATEMENT

Today's key international stories include the implications of Peruvian elections; the USG proposal to Iran; the World Bank granting new loans to Argentina; Brazilian military's geopolitical concerns; and hundreds of landless farm workers invading Brazilian Congress to demand agrarian reform.

2. OPINION PIECES AND KEY STORIES

- "Further from Bush, closer to Chavez"

Left-of-center "Pagina 12's" Lima-based correspondent Carlos Noriega writes (06/07) "Without any need to fuel his confrontation with Venezuelan President Hugo Chavez in order to win votes, Alan Garcia showed a conciliatory attitude.

"Yesterday, the brand-new president of Peru bluntly rejected the possibility of leading an anti-Chavez regional front, as some predicted, based on his bitter spat with Chavez. Garcia asserted that, as president, he expects to have a 'good relationship' with his Venezuelan counterpart.

"In his first statements to the foreign media, Garcia distanced himself from the US and states conditions for the implementation of an FTA with the US.

"During his election campaign, Garcia sought to seduce the right-wing electorate by presenting himself as a reliable candidate for the US and had a harsh confrontation with Venezuelan president. As president-elect, Garcia radically changed the aggressive tone he had used to speak of Chavez and marked his points of disagreement with the current Peruvian president, Alejandro Toledo, a strong US ally."

- "Alan Garcia gives stipulations for an FTA with the US"

Business-financial "El Cronista" reports (06/07) "The Toledo administration submitted the projected FTA negotiated with the US to the Peruvian Congress for its ratification... Social-Democrat Alan Garcia said he would analyze the trade deal before supporting its Congressional ratification (the political party he belongs to is currently the majority opposition force).

"... During a press conference, Alan Garcia said yesterday that he would not appoint a 'pro-nationalization' member in his economic team, and he promised to take care of the country's financial stability.

"Garcia also said Chile will be the model to be followed by Peru and he pleaded for resolute policies in South America in order to obtain the region's definitive insertion in the international scenario."

- "The first challenges of a government without a 'honeymoon'"

Dolores Tereso, on special assignment in Lima for daily-of-record "La Nacion," comments (06/07) "Alan Garcia knows that his governmental task will not be easy. With a past that generates mistrust, without a majority in Congress... and having won runoff elections with a big number of 'burrowed' votes, he is aware that the 'honeymoon' will be anywhere from short to non-existent. This is why from now and throughout the first days of his government, the president-elect will attempt to satisfy everyone he can.

"To put an end to the mistrust he generates within the business community and in the US, Garcia will reportedly authorize his party to pass the FTA with the US in Congress, which will be discussed next week...

"Another decision Garcia will have to make within the next days... will be the appointment of the members in his cabinet...

"On the other hand, in order to mitigate eventual social pressures in a country that shows it is increasingly fed up with all political leaders, Garcia has prepared a series of austerity measures, among them the reduction of high governmental salaries by 50%...

"Perhaps, the biggest challenge to be met by Garcia will be mitigating poverty, which affects half of the inhabitants of the country."

- "The US makes an unusual proposal to Iran related to its nuclear program"

Daily-of-record "La Nacion" reports (06/07) "In an unprecedented gesture, the US offered to join European countries in providing Iran with nuclear technology in return for Iran's suspension of its polemic uranium enrichment program.

"The proposal (which is considered an important US concession bearing in mind that the US has not dismissed the use of force against Iran), is part of a series of potential rewards, which were submitted yesterday to Tehran by Javier Solana, High Representative for the Common Foreign and Security Policy of the European Union.

"... While Iran has not accepted the proposal yet, it has left a door open to dialogue. Iranian nuclear negotiator Ali Larikhani said that the initiative includes some 'positive steps,' but also 'some ambiguities that should be removed.'

"For his part, US President George W. Bush termed Iran's initial reaction as 'positive.'"

- "The World Bank renews criticism but approves loans"

Ana Baron, Washington-based correspondent for leading "Clarín," writes (06/07) "Biaggio Bossone, the Italian WB head, asked for the rights of 'holdout'

bondholders. Pierre Dusquesnes, the French WB head, asked the WB to take into account the review of the Argentine economic status currently being performed by an IMF delegation in Buenos Aires. Yoshio Okubo, the Japanese WB head, warned on the risk of inflation, and other directors warned on the investment climate and asked to improve governance, and speed up the renegotiation of agreements with privatized corporations.

"These were the main demands related to Argentina which came up yesterday in Washington during a WB Board meeting, in which loans for a total amount of 180 million dollars were approved.

"It was an agitated meeting, but the WB Board approved the strategy of assistance for Argentina, which is the WB plan of action for the next three years and involves a total amount of 3.3 billion dollars in loans."

- "Brazil reviews its geopolitical concerns"

Leading "Clarín" carries an op-ed piece by Fabian Calle, political analyst, who opines (06/07) "The US military presence in Paraguay, the political, social and legal changes in Bolivia, Chavez' political and economic activism, and tensions between Argentina and Uruguay have led Brazilian military spokespersons to emphasize the need for moving the Brazilian focus from the Amazon area and its border with Colombia, to threats like narcotrafficking, armed groups, contraband and the trafficking of weapons. The same sources underscored the need for increasing Defense-related expenditures.

"... According to the military, the new regional reality should also lead one to place more emphasis on the deployment of troops and equipment on (Brazil's) borders with Paraguay, Bolivia and Uruguay... Another element to be considered is the US' increasing influence on Paraguay and Uruguay.

"Brazilian military are also mistrustful over Chavez's

influential ideological and economic role in the region, particularly in Bolivia..."

13. EDITORIALS

- "The Peru of Alan Garcia"

Daily-of-record "La Nación" carries an editorial that reads (06/07) "With the arrival of Alan Garcia to the Peruvian presidency for a second time, a new stage has begun, which can be termed as hopeful.

"In principle, Garcia's victory over Humala has returned confidence to international investors as well as balance markets...

"... While it is true that Garcia pleaded for a government of unity, analysts believe he would not include Union por el Peru, Humala's political party...

"First and foremost, Garcia will have to struggle against the ghost of polarization in a country where millions are socially excluded...

"Garcia will also have another challenge - the achievement of some balance with his Latin American neighbors... Garcia has hurried to speak of 'good ties with, and respect for' Venezuela, and he has also said he is not interested in leading an 'anti-Chavez' hemispheric movement as long as there is no interference in Peru's domestic affairs..."

"While challenges are harsh, on the one hand, Alan Garcia has impressive economic growth in his favor, which was obtained by the Toledo administration, however, on the other hand, he will have to remove the bad memories left by his first presidency..."

- "The return of Alan Garcia"

An editorial in leading "Clarín" reads (06/07) "The return of Alan Garcia to the Peruvian presidency can be contributed to the learning process of societies... and the lack of more attractive options and the fear raised by Ollanta Humala's background.

"... Garcia made a proposal of 'responsible change,' which gathered a broad spectrum of support... In this respect, Peruvians voted last Sunday in a way that reaffirmed their democratic convictions and will renew their expectations of change."

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GUTIERREZ